

EXHIBIT B

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF DELAWARE
3 - - -

4 IN RE: ADAMS GOLF, INC. :
5 SECURITIES LITIGATION :

6 X
7

8 ORAL DEPOSITION
9

10 OF
11

12 CHRISTOPHER M. JAMES
13

14 Friday, August 11, 2006
15 - - -

16 Oral deposition of CHRISTOPHER M.
17

18 JAMES, held at the offices of AKIN GUMP
19 STRAUSS HAUER & FELD, LLP, 590 Madison Avenue,
20 New York, New York, commencing at 8:30 a.m.,
21 reported by Pamela Harrison, RMR, CRR, CSR and
22 Notary Public.

23 - - -
24

RSA/VERITEXT COURT REPORTING COMPANY
1845 Walnut Street, 15th Floor
Philadelphia, PA 19103
(215) 241-1000 (888) 777-6690

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1 APPEARANCES:
2
3 TODD S. COLLINS, ESQUIRE
and ELIZABETH W. FOX, ESQUIRE
4 BERGER & MONTAGUE, P.C.
1622 Locust Street
5 Philadelphia, Pennsylvania 19103-6305
215.875.3000
6 tcollins@bm.net
efox@bm.net
7 For the Plaintiff
8
9 MICHELLE A. REED, ESQUIRE
10 AKIN GUMP STRAUSS HAUER & FELD, LLP
300 West 6th Street
11 Suite 2100
Austin, Texas 78701-3911
12 512.499.6200
mreed@akingump.com
13 For the Adams Golf Defendants
14
15 THOEDORE J. McEVOY, ESQUIRE
16 SIMPSON THACHER & BARTLETT, LLP
425 Lexington Avenue
17 New York, New York 10017-3954
212-455-2831
18 tmcevoy@stblaw.com
rkane@stblaw.com
19 For the Underwriter Defendants
20
21
22
23
24

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2
3 Direction to Witness Not to Answer:
4 Page Line
5 (NONE)
6
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8 Request for Production of Documents:
9 Page Line
10 103/6
11 121/4
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14 Stipulations:
15 Page Line
16 (NONE)
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19 Questions Marked:
20 Page Line
21 (NONE)
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2 CHRISTOPHER M. JAMES
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5 EXHIBIT INDEX
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9 Miller with attachments
10 336 Expert Report of Christopher M. James 5
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12 337 Rebuttal Expert Report of Christopher 5
M. James
13 338 E-mail from Terpsma to James, 8/3/06; 5
e-mail from Phillips to Goodman
14 8/2/06, Bates stamped CMJ 0562
15 339 Graph analysis, Bates stamped CMJ 0560 5
16 340 Analysis of Peer Performance Around 5
July Purchase Order Dates, Bates
17 stamped CMJ 0561
18 341 Adams Golf, Inc., Integrated 5
Chronology, Bates stamped CMJ 0563
19
20 342 Memorandum to Collins from Reed dated 72
7/20/06 with attachments
21
22
23
24

1 (Whereupon, documents were 08:51:07a
2 premarked, for identification purposes, 08:51:07a
3 as Exhibits 336 through 341.) 08:51:07a
4 THE COURT REPORTER: Are there 09:02:05a
5 any stipulations today? 09:02:05a
6 MS. REED: No, there are not. 09:02:08a
7 THE COURT REPORTER: Are you 09:02:19a
8 having him read and sign? 09:02:19a
9 MS. REED: Yes. Sorry. 09:02:22a
10 --- 09:02:23a
11 CHRISTOPHER M. JAMES, after 09:02:23a
12 having been duly affirmed, was examined 09:02:23a
13 and testified as follows: 09:02:23a
14 --- 09:02:34a
15 EXAMINATION 09:02:34a
16 --- 09:02:34a
17 BY MR. COLLINS: 09:02:34a
18 Q. Dr. James, thank you very much 09:02:34a
19 for coming. 09:02:36a
20 A. My pleasure. 09:02:38a
21 Q. Michelle had sent me an e-mail 09:02:41a
22 last night, which I couldn't open, and when I 09:02:43a
23 walked in this morning, I see she was good 09:02:46a
24 enough to give an extra copy of what she 09:02:49a

2 (Pages 2 to 5)

| | Page 90 | | Page 92 |
|----|--|-----------|---------|
| 1 | Q. Adams declined some, and the S&P | 11:19:10a | |
| 2 | small cap and Callaway declined more -- is that | 11:19:14a | |
| 3 | right so far? -- on or about July 23rd. | 11:19:20a | |
| 4 | A. If you said Callaway and the | 11:19:23a | |
| 5 | peer group? | 11:19:26a | |
| 6 | Q. Yes. | 11:19:27a | |
| 7 | A. I think you may have said -- | 11:19:27a | |
| 8 | Q. You know what, let me start | 11:19:29a | |
| 9 | again. You are quite right. | 11:19:30a | |
| 10 | Am I reading this correctly | 11:19:31a | |
| 11 | that on July 23rd both Callaway and the peer | 11:19:33a | |
| 12 | group went down sharply and roughly in tandem? | 11:19:36a | |
| 13 | A. Yes. I think if you go to the | 11:19:42a | |
| 14 | next exhibit, it might be easier. | 11:19:45a | |
| 15 | Q. Okay. | 11:19:49a | |
| 16 | A. 340. | 11:19:49a | |
| 17 | Q. Okay. | 11:19:50a | |
| 18 | A. Which has the dates and the | 11:19:51a | |
| 19 | price decline. So on 7/23/1998, Adams is down | 11:19:57a | |
| 20 | 13 percent -- about roughly 13 percent; Callaway | 11:20:05a | |
| 21 | is down 33 percent; and Miller's peer group is | 11:20:08a | |
| 22 | down 28.2 percent. | 11:20:12a | |
| 23 | Q. I see. | 11:20:14a | |
| 24 | Now, Miller's peer group, do | 11:20:19a | |
| | | | |
| | | Page 91 | |
| | | | Page 93 |
| 1 | you know whether it included Callaway? | 11:20:22a | |
| 2 | A. It did. | 11:20:23a | |
| 3 | Q. And was the peer group -- the | 11:20:24a | |
| 4 | peer group was comprised of how many companies? | 11:20:26a | |
| 5 | A. I believe it was -- it consisted | 11:20:37a | |
| 6 | of Callaway, Teardrop, Aldila -- | 11:20:42a | |
| 7 | THE COURT REPORTER: Callaway, | 11:20:54a | |
| 8 | comma Teardrop? | 11:20:54a | |
| 9 | THE WITNESS: It might help, | 11:20:54a | |
| 10 | it's on the top line on the first page of | 11:20:54a | |
| 11 | Mr. Miller's report. | 11:21:02a | |
| 12 | BY MR. COLLINS: | 11:21:04a | |
| 13 | Q. Okay. | 11:21:04a | |
| 14 | A. I can read these off, but it may | 11:21:04a | |
| 15 | be helpful for the court reporter just to look | 11:21:08a | |
| 16 | at them. | 11:21:10a | |
| 17 | It would be Callaway, Teardrop, | 11:21:10a | |
| 18 | Aldila, Coastcast, Arnold Palmer, and Golden | 11:21:14a | |
| 19 | Bear. | 11:21:18a | |
| 20 | Q. Now, as you used the peer group | 11:21:27a | |
| 21 | on Exhibits 339 and 340, was it a weighted group | 11:21:41a | |
| 22 | or was it unweighted, based on the size or the | 11:21:51a | |
| 23 | market caps or some other characteristics of the | 11:22:01a | |
| 24 | companies making up the peer group? | 11:22:06a | |

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|----|--|-----------|---------|
| 1 | MR. COLLINS: Off the record. | 11:23:24a | |
| 2 | (A recess was had from | 11:33:46a | |
| 3 | 11:23 a.m. to 11:33 a.m.; and then the | 11:33:46a | |
| 4 | proceedings continued as follows:) | 11:33:46a | |
| 5 | BY MR. COLLINS: | 11:33:46a | |
| 6 | Q. Exhibit 339. | 11:33:46a | |
| 7 | A. Okay. | 11:33:48a | |
| 8 | Q. Why did you do this just for the | 11:33:49a | |
| 9 | month of July? | 11:33:56a | |
| 10 | A. Because Mr. Miller indicated in | 11:33:59a | |
| 11 | his rebuttal report that it is his conjecture | 11:34:05a | |
| 12 | that the price decline, particularly in the | 11:34:11a | |
| 13 | latter part of July, was attributable to, I | 11:34:15a | |
| 14 | think he refers to it as leakage regarding gray | 11:34:20a | |
| 15 | market activities. | 11:34:26a | |
| 16 | Q. Is there something about Exhibit | 11:34:27a | |
| 17 | 339 or Exhibit 340 that leads you to question | 11:34:28a | |
| 18 | that conclusion on his part? | 11:34:33a | |
| 19 | A. I think that -- yes, I think | 11:34:35a | |
| 20 | that this analysis demonstrates, using his data, | 11:34:41a | |
| 21 | that the decline in Adams Golf during this | 11:34:43a | |
| 22 | period of time was certainly in line with the | 11:34:51a | |
| 23 | decline experienced by its -- the firms | 11:34:55a | |
| 24 | identified by Mr. Miller as being peers to Adams | 11:35:01a | |

| | Page 94 | | Page 96 | |
|----|--|-----------|---|-----------|
| 1 | Golf, and that consistent with the discussion in | 11:35:07a | late July, is the period that he focuses in on | 11:38:45a |
| 2 | my report, the decline appears to be a result | 11:35:18a | his report. | 11:38:49a |
| 3 | principally of softness in the golf industry as | 11:35:25a | Just to add that he -- and the | 11:38:51a |
| 4 | reflected by the earnings miss and discussion of | 11:35:29a | other reason is that he has a chart, I believe | 11:38:55a |
| 5 | difficulties in the market that Callaway | 11:35:36a | it's -- if you don't mind, I'll take it off. | 11:39:00a |
| 6 | disclosed, and then the peer group -- I think | 11:35:44a | (The witness takes the clip off | 11:39:08a |
| 7 | Coastcast has a news article during that same | 11:35:48a | the document.) | 11:39:10a |
| 8 | period of time indicating same weakness in | 11:35:53a | BY MR. COLLINS: | 11:39:10a |
| 9 | product demand, which I think is consistent with | 11:36:00a | Q. Please. | 11:39:10a |
| 10 | the announcement of Callaway, since Coastcast is | 11:36:06a | A. That is a -- that has a somewhat | 11:39:15a |
| 11 | a major supplier to Callaway. | 11:36:09a | different pegging in the sense that it's pegged | 11:39:23a |
| 12 | Q. Did you undertake -- the | 11:36:15a | to 1. It's his Exhibit A. It's entitled ADGO | 11:39:28a |
| 13 | analysis of these various stock prices, did you | 11:36:20a | versus XLC(4), Adams Golf versus Comparable | 11:39:35a |
| 14 | do any work taking it out beyond July 31st? | 11:36:25a | Index. He carries it out to -- 12/23/1999 is | 11:39:43a |
| 15 | A. No. I -- you mean -- | 11:36:33a | the last date. | 11:39:55a |
| 16 | Q. Did you run the chart beyond | 11:36:37a | Q. You are referring to the page | 11:39:57a |
| 17 | July 31st? | 11:36:39a | immediately after the page that says Exhibit A, | 11:40:01a |
| 18 | A. No, I just focused on the dates | 11:36:41a | or are you referring to a later? | 11:40:07a |
| 19 | in -- the dates that he identified as being | 11:36:43a | Which chart are you referring | 11:40:17a |
| 20 | associated with price declines in late July that | 11:36:53a | to, please? | 11:40:18a |
| 21 | he contends may be associated with information | 11:36:59a | A. I know this is -- it doesn't | 11:40:24a |
| 22 | disclosures regarding -- or leakage of | 11:37:03a | make the record look particularly good because | 11:40:26a |
| 23 | information regarding, say, purchase orders by | 11:37:07a | I'm holding something up, but it is this chart | 11:40:30a |
| 24 | Costco. | 11:37:10a | (indicating), and I believe you are looking at | 11:40:34a |
| | Page 95 | | Page 97 | |
| 1 | Q. And in that regard you are | 11:37:16a | it. | 11:40:36a |
| 2 | referring to the information he has -- perhaps | 11:37:17a | MS. FOX: Let me just check | 11:40:37a |
| 3 | other places as well, but you are referring to | 11:37:21a | that. I'll come around and see whether | 11:40:39a |
| 4 | the information he has in Paragraph 22(A) of his | 11:37:23a | it's the same. | 11:40:42a |
| 5 | rebuttal report? | 11:37:26a | THE WITNESS: Just so you are | 11:40:45a |
| 6 | A. 22(A), yes. | 11:37:28a | clear, there appears to be two charts | 11:40:46a |
| 7 | Q. Now, how long ago did you | 11:37:39a | in his Exhibit A. One is -- it looks | 11:40:48a |
| 8 | prepare exhibits or did you create the documents | 11:37:41a | like they are the same chart. One is | 11:41:00a |
| 9 | that are now 339 and 340? | 11:37:43a | simply, in my version, a smaller | 11:41:03a |
| 10 | A. Within the last week. | 11:37:49a | version of the other. | 11:41:06a |
| 11 | Q. Did counsel ask you to do so? | 11:37:55a | BY MR. COLLINS: | 11:41:09a |
| 12 | A. No. | 11:37:58a | Q. Okay. Well, the chart -- | 11:41:09a |
| 13 | Q. Did you tell counsel you were | 11:37:58a | A. This you can identify -- | 11:41:23a |
| 14 | doing this? | 11:38:00a | Q. Not a problem. | 11:41:24a |
| 15 | A. Yes. | 11:38:00a | A. Okay. | 11:41:26a |
| 16 | Q. Did you run any other charts | 11:38:10a | Q. Do you see the page that says on | 11:41:26a |
| 17 | beyond 339 either within the last week or since | 11:38:13a | it Exhibit A? It's probably in your left hand. | 11:41:28a |
| 18 | the rebuttal report? | 11:38:18a | A. Yeah, the problem I'm having is | 11:41:35a |
| 19 | A. I don't believe so. I don't | 11:38:24a | that there are a number of pages that say | 11:41:37a |
| 20 | recall doing any. | 11:38:26a | Exhibit A on it. Okay? Maybe we can make this | 11:41:40a |
| 21 | Q. And did you undertake an | 11:38:28a | easier. | 11:41:43a |
| 22 | analysis of peer performance with respect to | 11:38:30a | This is Exhibit A (indicating), | 11:41:44a |
| 23 | August or September? | 11:38:35a | it only has Exhibit A on it. Then there is a | 11:41:46a |
| 24 | A. No, my focus was only on late -- | 11:38:39a | page that follows it which is a -- | 11:41:50a |

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|----|--|-----------|----|--|-----------|
| 1 | MS. FOX: Comparables? | 11:41:57a | 1 | including the following." | 11:45:22a |
| 2 | THE WITNESS: Comparables. But | 11:41:58a | 2 | That's on Paragraph 22 of his | 11:45:27a |
| 3 | it's not pegged to 1. It has -- it's | 11:42:00a | 3 | report. | 11:45:28a |
| 4 | not -- the individual series are not | 11:42:05a | 4 | Q. Okay. You are quite right. | 11:45:29a |
| 5 | pegged to a particular number. | 11:42:11a | 5 | Now, if I understand correctly, | 11:45:31a |
| 6 | BY MR. COLLINS: | 11:42:13a | 6 | Exhibits 339 and 340 include in the Miller's | 11:45:39a |
| 7 | Q. Okay. | 11:42:13a | 7 | peer group Teardrop, Aldila, Coastcast, and | 11:45:46a |
| 8 | A. Okay? | 11:42:14a | 8 | Callaway -- | 11:45:54a |
| 9 | That's followed by a smaller | 11:42:17a | 9 | A. Right. | 11:45:56a |
| 10 | version of the same chart and then data. | 11:42:18a | 10 | Q. -- together with Arnold Palmer | 11:45:56a |
| 11 | Okay? | 11:42:22a | 11 | and Golden Bear. | 11:45:59a |
| 12 | Q. Okay. I'm with you now. | 11:42:22a | 12 | A. That is my understanding. | 11:46:00a |
| 13 | A. Then following that is another | 11:42:24a | 13 | Q. Okay. | 11:46:01a |
| 14 | colored chart in my version that is referred to | 11:42:30a | 14 | And it's your understanding | 11:46:02a |
| 15 | as Exhibit A and it says Adams Golf versus | 11:42:35a | 15 | that the Miller's peer group included Arnold | 11:46:03a |
| 16 | Comparables indexed to 1 at 7/10/98. So it's | 11:42:40a | 16 | Palmer and Golden Bear? | 11:46:08a |
| 17 | similar to the chart that I prepared where there | 11:42:46a | 17 | A. I would have to go back and | 11:46:10a |
| 18 | is -- it's pegged at a particular point in | 11:42:48a | 18 | check that. | 11:46:12a |
| 19 | time. He's pegging to 1. I pegged to 16. | 11:42:52a | 19 | Q. Well, it is what it is. You are | 11:46:22a |
| 20 | Q. Just so we are clear, the last | 11:42:58a | 20 | not responsible for what he included in Miller's | 11:46:24a |
| 21 | document that you referred to is a chart that | 11:43:01a | 21 | peer group, I'm just asking what you included in | 11:46:29a |
| 22 | says "Exhibit A" on it and it follows a page | 11:43:06a | 22 | yours. So let me just ask you. | 11:46:31a |
| 23 | which gives information on the last line, | 11:43:13a | 23 | In 339 and 340 you included in | 11:46:33a |
| 24 | "19991231," for Adams and the small cap index, | 11:43:24a | 24 | what you referred to as Miller's peer group or | 11:46:37a |
| | | Page 99 | | Page 101 | |
| 1 | Callaway, Teardrop, Aldila, and Coastcast? | 11:43:33a | 1 | Miller peer group, you include Arnold Palmer | 11:46:41a |
| 2 | A. Yes, but what will be | 11:43:35a | 2 | and Golden Bear; correct? | 11:46:44a |
| 3 | distinguishable from the other chart that has | 11:43:38a | 3 | A. No, I think it would be | 11:46:47a |
| 4 | similar information is that it should say up at | 11:43:41a | 4 | incorrect to refer to that as my peer group. My | 11:46:48a |
| 5 | the top Adams Gof, Inc., indexed to 1 on | 11:43:43a | 5 | recollection is that -- | 11:46:51a |
| 6 | 7/9/98, and then there are three asterisks. | 11:43:47a | 6 | Q. Let me stop you. Yeah, let me | 11:46:52a |
| 7 | Q. Okay. Great. | 11:43:51a | 7 | stop you because I didn't mean to mislead you on | 11:46:54a |
| 8 | Now, so I now know what | 11:43:53a | 8 | the question. | 11:46:57a |
| 9 | document you are referring to and I thank you. | 11:43:58a | 9 | There is a reference on 339 to | 11:46:57a |
| 10 | Do I understand that this chart | 11:44:00a | 10 | Miller's peer group, and then there's a line | 11:46:59a |
| 11 | that we are now referring to, which says | 11:44:05a | 11 | that runs across this page, not that I as a | 11:47:02a |
| 12 | indexed to 1, motivated you to prepare Exhibit | 11:44:08a | 12 | color-blind person can read it, but there's a | 11:47:05a |
| 13 | 339 and 340? | 11:44:17a | 13 | line that runs across this page for peer | 11:47:08a |
| 14 | A. What -- not the chart -- not | 11:44:21a | 14 | group. | 11:47:11a |
| 15 | necessarily the chart itself, but the discussion | 11:44:24a | 15 | A. That is Mr. Miller's peer | 11:47:14a |
| 16 | in Mr. Miller's report regarding what he | 11:44:30a | 16 | group. | 11:47:16a |
| 17 | conjectures to be leakage regarding gray | 11:44:47a | 17 | Q. Okay. Does that peer group | 11:47:16a |
| 18 | marketing activity, particularly in the mid to | 11:44:53a | 18 | include or exclude, as set forth on 339, Arnold | 11:47:18a |
| 19 | late part of July. I believe he mentions that | 11:44:57a | 19 | Palmer and Golden Bear? | 11:47:23a |
| 20 | in his first report, and then he expands on it | 11:45:02a | 20 | A. My recollection is that the peer | 11:47:26a |
| 21 | in the current report by contending, as in | 11:45:08a | 21 | group returns that were used in constructing 339 | 11:47:28a |
| 22 | Paragraph 22: "In fact, information concerning | 11:45:14a | 22 | and 340 are the returns as reported in | 11:47:36a |
| 23 | gray marketing activity which existed in the | 11:45:17a | 23 | Mr. Miller's report. | 11:47:43a |
| 24 | marketplace was available to various parties | 11:45:20a | 24 | Q. You and I can argue about a | 11:47:44a |

| | | Page 114 | | Page 116 | |
|----|--|-----------|----|--|-----------|
| 1 | stock returns. | 12:06:49p | 1 | reaching regarding the materiality of that | 12:09:41p |
| 2 | Q. Now, you used an event window or | 12:06:50p | 2 | information would be changed if I used a broader | 12:09:44p |
| 3 | event windows in this work; correct? | 12:06:53p | 3 | window than one day. | 12:09:51p |
| 4 | A. Yes. | 12:06:59p | 4 | Q. Okay. How did you investigate? | 12:09:56p |
| 5 | Q. And the event window you used, | 12:07:00p | 5 | A. In the manner that I just | 12:09:59p |
| 6 | for all aspects of your work here, was one day? | 12:07:01p | 6 | described, that I looked at each day | 12:10:00p |
| 7 | A. No. | 12:07:08p | 7 | individually in the combination of those two | 12:10:02p |
| 8 | Q. Okay. You used, at least in | 12:07:09p | 8 | days. | 12:10:06p |
| 9 | some parts of your work, a one-day event window; | 12:07:14p | 9 | In addition, even though the | 12:10:06p |
| 10 | is that -- | 12:07:18p | 10 | Lehman report has no time stamp on it, I | 12:10:10p |
| 11 | A. That is correct. | 12:07:18p | 11 | believe, both in reading Mr. Lantier's | 12:10:14p |
| 12 | Q. Okay. In what part of your work | 12:07:19p | 12 | deposition, and it's my understanding, having | 12:10:18p |
| 13 | did you use a one-day event window? | 12:07:24p | 13 | worked with buy and sell side analysts, that | 12:10:21p |
| 14 | A. As is indicated in my report, | 12:07:26p | 14 | typically the written report will be disclosed | 12:10:25p |
| 15 | when I was able to identify when a piece of | 12:07:36p | 15 | to market participants and the content would | 12:10:33p |
| 16 | information was either published or became | 12:07:42p | 16 | be disclosed to the market participants in the | 12:10:36p |
| 17 | available to market participants, I utilized -- | 12:07:46p | 17 | day -- on the day on which the report is | 12:10:39p |
| 18 | I used the day on which that information was | 12:07:53p | 18 | dated, during trading hours, or before the | 12:10:42p |
| 19 | first available during trading hours. | 12:07:55p | 19 | start of trading on the day that it is dated. | 12:10:51p |
| 20 | Q. Okay. | 12:07:58p | 20 | Consistent with that, I also | 12:10:51p |
| 21 | A. Now, on -- the one I remember in | 12:07:59p | 21 | looked at what the closing price was referred | 12:10:52p |
| 22 | particular was the April -- I'm sorry, the April | 12:08:07p | 22 | to in the August 28th report for Adams Golf to | 12:10:55p |
| 23 | -- the August 28th Lehman Brothers report. It | 12:08:09p | 23 | determine whether the closing price pertained | 12:11:01p |
| 24 | has a date on it, but not a time stamp, so then | 12:08:15p | 24 | to the 28th or the day before, and it | 12:11:04p |
| | | Page 115 | | | Page 117 |
| 1 | the question becomes is it a -- was it available | 12:08:19p | 1 | pertained to the day before, which is | 12:11:10p |
| 2 | to market participants during trading hours. | 12:08:26p | 2 | consistent with the report being published on | 12:11:13p |
| 3 | And, as I indicate in my report, I look at both | 12:08:33p | 3 | the 28th. | 12:11:16p |
| 4 | the 28th and the 31st and see whether either one | 12:08:37p | 4 | Q. I asked you a question a moment | 12:11:19p |
| 5 | of those days is statistically significant. | 12:08:41p | 5 | ago about what you did to investigate a two-day | 12:11:22p |
| 6 | Now -- | 12:08:43p | 6 | event window and you said you already answered | 12:11:26p |
| 7 | Q. Can I stop you? Forgive me. | 12:08:46p | 7 | that. | 12:11:28p |
| 8 | With regard to that, when you | 12:08:48p | 8 | A. Yes. | 12:11:29p |
| 9 | did that work regarding the Lehman report and | 12:08:49p | 9 | Q. Tell me, again, what you did to | 12:11:29p |
| 10 | you looked at the 28th and you looked at the | 12:08:52p | 10 | investigate a two-day event window consisting of | 12:11:32p |
| 11 | 31st, you looked at each on a one-day event | 12:08:54p | 11 | the 28th and the 31st. Did you run regressions | 12:11:37p |
| 12 | window basis; correct? | 12:08:57p | 12 | on it? | 12:11:41p |
| 13 | A. And I also calculated the | 12:08:59p | 13 | A. I aggregated the abnormal | 12:11:44p |
| 14 | statistical significance on a two-day basis. | 12:09:04p | 14 | returns or the residual returns. | 12:11:46p |
| 15 | Q. Okay. With respect to Lehman, | 12:09:07p | 15 | Q. Okay. | 12:11:49p |
| 16 | that Lehman August 28th report? | 12:09:12p | 16 | A. And then used -- and then tested | 12:11:51p |
| 17 | A. Yes. | 12:09:14p | 17 | whether they were significant based upon a | 12:11:53p |
| 18 | Q. All right. And why with regard | 12:09:20p | 18 | standard error that was estimated to be | 12:11:57p |
| 19 | to the Lehman report did you use a two-day event | 12:09:23p | 19 | consistent with a two-day return. So this -- I | 12:12:01p |
| 20 | window? | 12:09:26p | 20 | have used and others use in published work an | 12:12:07p |
| 21 | A. Well, I think it would be a mis | 12:09:28p | 21 | estimate of the two-day standard error is simply | 12:12:12p |
| 22 | -- it would be a mischaracterization to say that | 12:09:31p | 22 | the square root of two times the daily standard | 12:12:16p |
| 23 | -- I investigated a two-day event window to | 12:09:37p | 23 | error. | 12:12:19p |
| 24 | determine whether the conclusions that I was | 12:09:40p | 24 | Q. When you did so, what did you | 12:12:27p |

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|----|--|-----------|
| 1 | Q. Are there models that can be | 05:21:20p |
| 2 | used that test materiality on the basis of | 05:21:21p |
| 3 | volume or some combination of volume and price | 05:21:25p |
| 4 | movement? | 05:21:29p |
| 5 | A. I mean, I have not seen that | 05:21:37p |
| 6 | analysis done in the context of, say, a damage | 05:21:40p |
| 7 | analysis. I have seen some academic studies | 05:21:43p |
| 8 | that ask the question of whether information has | 05:21:49p |
| 9 | an effect on trading volume. | 05:22:01p |
| 10 | Q. And do you have any opinion as | 05:22:11p |
| 11 | to the usability or appropriateness of those | 05:22:13p |
| 12 | models? | 05:22:17p |
| 13 | A. I think the appropriateness | 05:22:20p |
| 14 | would depend on the purpose of their being | 05:22:23p |
| 15 | used. I would have to go back and look at some | 05:22:31p |
| 16 | of those papers. Most of the paper -- the | 05:22:36p |
| 17 | academic literature in finance is more focused | 05:22:40p |
| 18 | on how information impacts value as opposed to | 05:22:48p |
| 19 | trading volume. Although, there are a few | 05:22:53p |
| 20 | papers out there that look at trading volume. I | 05:22:55p |
| 21 | just don't recall what the conclusions are. | 05:22:58p |
| 22 | Q. The famous Golf Pro article | 05:22:59p |
| 23 | allegedly of August or August 1, 1998, when was | 05:23:03p |
| 24 | that available to the market? | 05:23:08p |
| | | |
| | Page 255 | Page 257 |
| 1 | A. As I indicate in my report, it's | 05:23:10p |
| 2 | my opinion that it's available to the market on | 05:23:16p |
| 3 | August 1st. | 05:23:19p |
| 4 | Q. Well, surely you're not offering | 05:23:19p |
| 5 | an opinion on that now, Dr. James, are you? | 05:23:21p |
| 6 | A. Yes, I am. | 05:23:23p |
| 7 | Q. You might be making an | 05:23:24p |
| 8 | assumption, but you are offering -- are you an | 05:23:26p |
| 9 | expert with regard to when Golf Pro appeared in | 05:23:29p |
| 10 | 1998? | 05:23:32p |
| 11 | A. I'm not representing myself to | 05:23:33p |
| 12 | be an expert in when Golf Pro appeared. I am | 05:23:35p |
| 13 | representing myself to be an expert in, first of | 05:23:40p |
| 14 | all, knowing what the publication date and the | 05:23:43p |
| 15 | convention of using publication dates. I | 05:23:50p |
| 16 | believe your own expert uses the publication | 05:23:52p |
| 17 | date as the date referenced in his chronology. | 05:23:55p |
| 18 | Second, I undertook an | 05:23:59p |
| 19 | investigation to determine whether there was | 05:24:01p |
| 20 | any evidence that suggests that the Golf Pro | 05:24:03p |
| 21 | article was available prior to the cover day | 05:24:06p |
| 22 | and concluded based on that analysis that | 05:24:12p |
| 23 | there was none. | 05:24:14p |
| 24 | Q. Okay. Do you know of any | 05:24:15p |
| | | |
| 1 | evidence, apart from what you've put in your | 05:24:16p |
| 2 | reports, to indicate when that Golf Pro article | 05:24:21p |
| 3 | was available? | 05:24:24p |
| 4 | A. Yes. | 05:24:26p |
| 5 | Q. When? | 05:24:26p |
| 6 | A. In response to the Miller report | 05:24:28p |
| 7 | where he conjectures that it might have been | 05:24:32p |
| 8 | available earlier, I performed the following | 05:24:37p |
| 9 | test. Based upon communications that I'm aware | 05:24:40p |
| 10 | of between Cornerstone and the publishers of | 05:24:46p |
| 11 | Golf Pro, which is now not currently published, | 05:24:53p |
| 12 | they were unable to answer the question as to | 05:25:04p |
| 13 | whether it was available before or after the | 05:25:05p |
| 14 | cover price -- cover date. | 05:25:08p |
| 15 | So I conducted a Factiva search | 05:25:11p |
| 16 | between 1995 and 2000 in which I used the | 05:25:15p |
| 17 | keywords "Golf Pro magazine," and then I | 05:25:22p |
| 18 | looked at all of the articles that were | 05:25:26p |
| 19 | available on Factiva that reference Golf Pro | 05:25:29p |
| 20 | magazine and asked the question of whether | 05:25:34p |
| 21 | there was any reference in the public press to | 05:25:36p |
| 22 | a Golf Pro magazine article prior to the | 05:25:41p |
| 23 | stated publication date on the cover, and I | 05:25:46p |
| 24 | was able to identify several instances in | 05:25:50p |